

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re Ponderosa Energy, LLC
Debtor

Case No. 17-13848-SHL
Reporting Period: 08/01/2018 - 08/31/2018

Federal Tax I.D. # 81-1876262

CORPORATE MONTHLY OPERATING REPORT

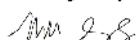
File with the Court and submit a copy to the United States Trustee within 20 days after the end of the month and submit a copy of the report to any official committee appointed in the case.

(Reports for Rochester and Buffalo Divisions of Western District of New York are due 15 days after the end of the month, as are the reports for Southern District of New York.)

REQUIRED DOCUMENTS	Form No.	Document Attached	Explanation Attached
Schedule of Cash Receipts and Disbursements	MOR-1	Yes	
Bank Reconciliation (or copies of debtor's bank reconciliations)	MOR-1 (CON'T)	Yes	
Copies of bank statements		Yes	
Cash disbursements journals		Yes	
Statement of Operations	MOR-2	Yes	
Balance Sheet	MOR-3	Yes	
Status of Post-petition Taxes	MOR-4	Yes	
Copies of IRS Form 6123 or payment receipt		N/A	
Copies of tax returns filed during reporting period		N/A	
Summary of Unpaid Post-petition Debts	MOR-4	Yes	
Listing of Aged Accounts Payable		N/A	
Accounts Receivable Reconciliation and Aging	MOR-5	Yes	
Taxes Reconciliation and Aging	MOR-5	Yes	
Payments to Insiders and Professional	MOR-6	Yes	
Post Petition Status of Secured Notes, Leases Payable	MOR-6	Yes	
Debtor Questionnaire	MOR-7	Yes	

I declare under penalty of perjury (28 U.S.C. Section 1746) that this report and the attached documents are true and correct to the best of my knowledge and belief.

DocuSigned by:



ECAD1648112D493...Manager

11/8/2018 | 7:37 AM PST

Date

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SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS

Amounts reported should be from the debtor's books and not the bank statement. The beginning cash should be the ending cash from the prior month or, if this is the first report, the amount should be the balance on the date the petition was filed. The amounts reported in the "CURRENT MONTH - ACTUAL" column must equal the sum of the four bank account columns. Attach copies of the bank statements and the cash disbursements journal. The total disbursements listed in the disbursements journal must equal the total disbursements reported on this page. A bank reconciliation must be attached for each account. [See MOR-1 (CON'T)]

ACCOUNT NUMBER (LAST 4)	BANK ACCOUNTS				CURRENT MONTH ACTUAL (TOTAL OF ALL ACCOUNTS)
	OPER ###5896	PAYROLL	TAX	OTHER** (Client Trust Account at Diamond McCarthy LLP)	
CASH BEGINNING OF MONTH	\$ 10,861.88			\$ 53,160.44	\$ 64,022.32
RECEIPTS					
CASH SALES					\$ -
ACCOUNTS RECEIVABLE - PREPETITION					\$ -
ACCOUNTS RECEIVABLE - POSTPETITION					\$ -
LOANS AND ADVANCES					\$ -
SALE OF ASSETS					\$ -
OTHER (ATTACH LIST)					\$ -
TRANSFERS (FROM DIP ACCTS)					\$ -
TOTAL RECEIPTS	\$ -			\$ -	\$ -
DISBURSEMENTS					
NET PAYROLL					\$ -
PAYROLL TAXES					\$ -
SALES, USE, & OTHER TAXES					\$ -
INVENTORY PURCHASES					\$ -
SECURED/ RENTAL/ LEASES					\$ -
INSURANCE					\$ -
ADMINISTRATIVE					\$ -
SELLING					\$ -
OTHER (ATTACH LIST)	\$ (13.50)				\$ (13.50)
OWNER DRAW *					\$ -
TRANSFERS (TO DIP ACCTS)					\$ -
PROFESSIONAL FEES					\$ -
U.S. TRUSTEE QUARTERLY FEES					\$ -
COURT COSTS					\$ -
TOTAL DISBURSEMENTS	\$ (13.50)			\$ -	\$ (13.50)
NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS)	\$ (13.50)			\$ -	\$ (13.50)
CASH – END OF MONTH	\$ 10,848.38			\$ 53,160.44	\$ 64,008.82

* COMPENSATION TO SOLE PROPRIETORS FOR SERVICES RENDERED TO BANKRUPTCY ESTATE

THE FOLLOWING SECTION MUST BE COMPLETED

DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES: (FROM CURRENT MONTH ACTUAL COLUMN)

TOTAL DISBURSEMENTS	\$ (13.50)
LESS: TRANSFERS TO OTHER DEBTOR IN POSSESSION ACCOUNTS	
PLUS: ESTATE DISBURSEMENTS MADE BY OUTSIDE SOURCES (i.e. from escrow accounts)	
TOTAL DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES	\$ (13.50)

**NOTE: Monthly Operating Reports for April - June 2018 failed to account for funds held by Diamond McCarthy LLP in its client trust account.

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BANK RECONCILIATIONS

Continuation Sheet for MOR-1

A bank reconciliation must be included for each bank account. The debtor's bank reconciliation may be substituted for this page. (Bank account numbers may be redacted to last four numbers.)

	Operating #5896	Payroll #	Tax #	Other (Client trust account)
BALANCE PER BOOKS	\$ 10,848.38			\$ 53,160.44
BANK BALANCE	\$ 10,848.38			\$ 53,160.44
(+) DEPOSITS IN TRANSIT (ATTACH LIST)				
(-) OUTSTANDING CHECKS (ATTACH LIST) :	\$ -			
OTHER (ATTACH EXPLANATION)				
ADJUSTED BANK BALANCE *	\$ 10,848.38			\$ 53,160.44

*"Adjusted Bank Balance" must equal "Balance per Books"

OTHER

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STATEMENT OF OPERATIONS (Income Statement)

The Statement of Operations is to be prepared on an accrual basis. The accrual basis of accounting recognizes revenue when it is realized and expenses when they are incurred, regardless of when cash is actually received or paid.

REVENUES	MONTH	CUMULATIVE -FILING TO DATE
Gross Revenues**	\$ -	\$ 123,377.61
Less: Returns and Allowances***	\$ -	\$ (7,106.34)
Net Revenue	\$ -	\$ 116,271.27
COST OF GOODS SOLD		
Beginning Inventory	\$ -	\$ -
Add: Purchases	\$ -	\$ -
Add: Cost of Labor	\$ -	\$ -
Add: Other Costs (<i>attach schedule</i>)	\$ -	\$ -
Less: Ending Inventory	\$ -	\$ -
Cost of Goods Sold	\$ -	\$ -
Gross Profit	\$ -	\$ 116,271.27
OPERATING EXPENSES		
Advertising	\$ -	\$ -
Auto and Truck Expense	\$ -	\$ -
Bad Debts	\$ -	\$ -
Contributions	\$ -	\$ -
Employee Benefits Programs	\$ -	\$ -
Officer/Insider Compensation*	\$ -	\$ -
Insurance	\$ -	\$ (6,250.00)
Management Fees/Bonuses	\$ -	\$ -
Office Expense	\$ -	\$ -
Pension & Profit-Sharing Plans	\$ -	\$ -
Repairs and Maintenance	\$ -	\$ -
Rent and Lease Expense	\$ -	\$ -
Salaries/Commissions/Fees	\$ -	\$ -
Supplies	\$ -	\$ (800.00)
Taxes - Payroll	\$ -	\$ -
Taxes - Real Estate	\$ -	\$ -
Taxes - Other	\$ -	\$ (7,191.55)
Travel and Entertainment	\$ -	\$ -
Utilities	\$ (13.50)	\$ (13.50)
Other (<i>attach schedule</i>)	\$ -	\$ (30,934.16)
Total Operating Expenses Before Depreciation	\$ (13.50)	\$ (78,263.50)
Depreciation/Depletion/Amortization	\$ -	\$ -
Net Profit (Loss) Before Other Income & Expenses	\$ (13.50)	\$ (7,167.94)
OTHER INCOME AND EXPENSES		
Other Income (<i>attach schedule</i>)		
Interest Expense		
Other Expense (<i>attach schedule</i>)		
Net Profit (Loss) Before Reorganization Items	\$ (13.50)	\$ (7,167.94)

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REORGANIZATION ITEMS	
Professional Fees	\$ (5,560.22)
U. S. Trustee Quarterly Fees	\$ -
Interest Earned on Accumulated Cash from Chapter 11 (<i>see continuation sheet</i>)	
Gain (Loss) from Sale of Equipment	
Other Reorganization Expenses (<i>attach schedule</i>)	\$ (91,625.00)
Total Reorganization Expenses	\$ (5,560.22)
Income Taxes	\$ (238,120.31)
Net Profit (Loss)	\$ (5,573.72)

*"Insider" is defined in 11 U.S.C. Section 101(31).

** Includes estimate for January 2018.

*** Amount expected to be owed to PPF pursuant to cash collateral order.

BREAKDOWN OF "OTHER" CATEGORY

OTHER COSTS

OTHER OPERATIONAL EXPENSES

Pumper / Gauger		\$ (16,000.00)
Fuel & Power		\$ (6,250.00)
Hot Oil Treatments		\$ (500.00)
Consulting Services		\$ (350.00)
Contract Field Supervisor		\$ (25,000.00)
Electrician		\$ (3,000.00)
Misc.		\$ (2,550.00)
Texas Railroad Commission Fees		\$ (600.00)
Total Other Operational Expenses	\$ -	\$ (78,250.00)

OTHER INCOME

OTHER EXPENSES

OTHER REORGANIZATION EXPENSES

Reorganization Items - Interest Earned on Accumulated Cash from Chapter 11:

Interest earned on cash accumulated during the chapter 11 case, which would not have been earned but for the bankruptcy proceeding, should be reported as a reorganization item.

Interest earned on cash accumulated during the chapter 11 case, which would not have been earned but for the bankruptcy proceeding, should be reported as a reorganization item.

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BALANCE SHEET

The Balance Sheet is to be completed on an accrual basis only. Pre-petition liabilities must be classified separately from post-petition obligations.

ASSETS	BOOK VALUE AT END OF CURRENT REPORTING MONTH	BOOK VALUE AT END OF PRIOR REPORTING MONTH***	BOOK VALUE ON PETITION DATE OR SCHEDULED
CURRENT ASSETS			
Unrestricted Cash and Equivalents	\$ 64,008.82	\$ 64,022.32	
Restricted Cash and Cash Equivalents (see continuation sheet)			
Accounts Receivable (Net)	\$ -	\$ -	
Notes Receivable			
Inventories			
Prepaid Expenses			
Professional Retainers			
Other Current Assets (attach schedule)			
TOTAL CURRENT ASSETS	\$ 64,008.82	\$ 64,022.32	
PROPERTY & EQUIPMENT			
Real Property and Improvements	\$ 1,871,921.56	\$ 1,871,921.56	
Machinery and Equipment			
Furniture, Fixtures and Office Equipment			
Leasehold Improvements			
Vehicles			
Less: Accumulated Depreciation			
TOTAL PROPERTY & EQUIPMENT	\$ 1,871,921.56	\$ 1,871,921.56	
OTHER ASSETS			
Amounts due from Insiders*			
Other Assets (attach schedule)			
TOTAL OTHER ASSETS			
TOTAL ASSETS	\$ 1,935,930.38	\$ 1,935,943.88	
LIABILITIES AND OWNER EQUITY	BOOK VALUE AT END OF CURRENT REPORTING MONTH	BOOK VALUE AT END OF PRIOR REPORTING MONTH	BOOK VALUE ON PETITION DATE
LIABILITIES NOT SUBJECT TO COMPROMISE (Postpetition)			
Accounts Payable			
Taxes Payable (refer to FORM MOR-4)	\$ 7,191.55	\$ 7,191.55	
Wages Payable			
Notes Payable			
Rent / Leases - Building/Equipment			
Secured Debt / Adequate Protection Payments			
Professional Fees	\$ 37,140.04	\$ 31,579.83	
Amounts Due to Insiders*			
Other Post-petition Liabilities (attach schedule)			
TOTAL POST-PETITION LIABILITIES	\$ 44,331.59	\$ 38,771.38	
LIABILITIES SUBJECT TO COMPROMISE (Pre-Petition)			
Secured Debt**	\$ -	\$ -	
Priority Debt			
Unsecured Debt	\$ 216,061.91	\$ 216,061.91	
TOTAL PRE-PETITION LIABILITIES	\$ 216,061.91	\$ 216,061.91	
TOTAL LIABILITIES	\$ 260,393.50	\$ 254,833.29	
OWNERS' EQUITY			
Capital Stock			
Additional Paid-In Capital			
Partners' Capital Account			
Owner's Equity Account			
Retained Earnings - Pre-Petition	\$ (2,273,889.42)	\$ (2,273,889.42)	
Retained Earnings - Post-petition	\$ (245,288.25)	\$ (239,714.53)	
Adjustments to Owner Equity (attach schedule)			
Post-petition Contributions (attach schedule)			
NET OWNERS' EQUITY	\$ (2,519,177.67)	\$ (2,513,603.95)	
TOTAL LIABILITIES AND OWNERS' EQUITY	\$ (2,258,784.17)	\$ (2,258,770.66)	

**"Insider" is defined in 11 U.S.C. Section 101(31).

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** Due to the dispute between Ponderosa Energy LLC and PPF2 about the nature of the VPP transaction, which is the subject of an adversary proceeding, Ponderosa Energy LLC is unable to determine what amount, if any, constitutes a liability owed to PPF2.

***NOTE: Monthly Operating Reports for April - June 2018 failed to account for funds held by Diamond McCarthy LLP in its client trust account.

BALANCE SHEET - continuation section

ASSETS	BOOK VALUE AT END OF CURRENT REPORTING MONTH	BOOK VALUE AT END OF PRIOR REPORTING MONTH	BOOK VALUE ON PETITION DATE
Other Current Assets			
Other Assets			
LIABILITIES AND OWNER EQUITY			
	BOOK VALUE AT END OF CURRENT REPORTING MONTH		BOOK VALUE ON PETITION DATE
Other Post-petition Liabilities			
Adjustments to Owner's Equity			
Post-Petition Contributions			

Restricted Cash: Cash that is restricted for a specific use and not available to fund operations.
Typically, restricted cash is segregated into a separate account, such as an escrow account.

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STATUS OF POST-PETITION TAXES

The beginning tax liability should be the ending liability from the prior month or, if this is the first report, the amount should be zero.

Attach photocopies of IRS Form 6123 or payment receipt to verify payment or deposit of federal payroll taxes.

Attach photocopies of any tax returns filed during the reporting period.

Federal	Beginning Tax	Amount Withheld and/or Accrued	Amount Paid	Date Paid	Check # or EFT	Ending Tax
Withholding	\$ -					
FICA-Employee	\$ -					
FICA-Employer	\$ -					
Unemployment	\$ -					
Income	\$ -					
Other:	\$ -					
Total Federal Taxes	\$ -					
State and Local						
Withholding	\$ -					
Sales	\$ -					
Excise	\$ -					
Unemployment	\$ -					
Real Property	\$ -					
Personal Property	\$ -					
Other: Ad Valorem Taxes	\$ -	\$ 7,191.55	\$ -			\$ 7,191.55
Total State and Local	\$ -	\$ 7,191.55	\$ -			\$ 7,191.55
Total Taxes	\$ -	\$ 7,191.55	\$ -			\$ 7,191.55

SUMMARY OF UNPAID POST-PETITION DEBTS

Attach aged listing of accounts payable.

Number of Days Past Due

	Current	0-30	31-60	61-90	Over 91	Total
Accounts Payable						\$ -
Wages Payable						\$ -
Taxes Payable					\$ 7,191.55	\$ 7,191.55
Rent/Leases-Building						\$ -
Rent/Leases-Equipment						\$ -
Secured Debt/Adequate Protection Payments						\$ -
Professional Fees	\$ 5,560.22	\$ 16,280.85	\$ 6,988.87	\$ 8,310.10		\$ 37,140.04
Amounts Due to Insiders						\$ -
Other: Intercompany Services*						\$ -
Other:						\$ -
Total Post-petition Debts	\$ 5,560.22	\$ 16,280.85	\$ 6,988.87	\$ 8,310.10	\$ 7,191.55	\$ 44,331.59

Explain how and when the Debtor intends to pay any past due post-petition debts.

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*Compensation paid by Ponderosa TX Operating, LLC on behalf of Ponderosa Energy, LLC to Ponderosa Energy, LLC employees;
Ponderosa TX Operating, LLC has reserved the right to seek recovery of those payments.

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ACCOUNTS RECEIVABLE RECONCILIATION AND AGING

Accounts Receivable Reconciliation	Amount
Total Accounts Receivable at the beginning of the reporting period	\$ -
Plus: Amounts billed during the period	\$ -
Less: Amounts collected during the period	\$ -
Total Accounts Receivable at the end of the reporting period	\$ -

Accounts Receivable Aging	0-30 Days	31-60 Days	61-90 Days	91+ Days	Total
0 - 30 days old	\$ -				\$ -
31 - 60 days old	\$ -				\$ -
61 - 90 days old					
91+ days old					
Total Accounts Receivable	\$ -	\$ -	\$ -	\$ -	\$ -
Less: Bad Debts (Amount considered uncollectible)	\$ -	\$ -	\$ -	\$ -	\$ -
Net Accounts Receivable	\$ -	\$ -	\$ -	\$ -	\$ -

TAXES RECONCILIATION AND AGING

Taxes Payable	0-30 Days	31-60 Days	61-90 Days	91+ Days	Total
0 - 30 days old	\$ 7,191.55			\$ 7,191.55	\$ 7,191.55
31 - 60 days old					
61 - 90 days old					
91+ days old					
Total Taxes Payable	\$ 7,191.55			\$ 7,191.55	\$ 7,191.55

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PAYMENTS TO INSIDERS AND PROFESSIONALS

Of the total disbursements shown on the Cash Receipts and Disbursements Report (MOR-1) list the amount paid to insiders (as defined in Section 101(31) (A)-(F) of the U.S. Bankruptcy Code) and to professionals. For payments to insiders, identify the type of compensation paid (e.g. Salary, Bonus, Commissions, Insurance, Housing Allowance, Travel, Car Allowance, Etc.). Attach additional sheets if necessary.

Professionals						
Name	Date of Court Order Authorizing Payment	Amount Approved	Amount Paid	Total Paid to Date	Total Incurred & Unpaid*	
Diamond McCarthy LLP	7/18/2018	\$ 109,355.27	\$ 109,355.27	\$ 109,355.27	\$ 37,140.04	
Total Payments to Professionals					\$ 37,140.04	

* INCLUDE ALL FEES INCURRED, BOTH APPROVED AND UNAPPROVED

**POST-PETITION STATUS OF SECURED NOTES, LEASES PAYABLE
AND ADEQUATE PROTECTION PAYMENTS**

NAME OF CREDITOR	SCHEDULED MONTHLY PAYMENT DUE	AMOUNT PAID DURING MONTH	TOTAL UNPAID POST- PETITION
TOTAL PAYMENTS			

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DEBTOR QUESTIONNAIRE

Must be completed each month. If the answer to any of the questions is "Yes", provide a detailed explanation of each item. Attach additional sheets if necessary.		Yes	No
1	Have any assets been sold or transferred outside the normal course of business this reporting period?		X
2	Have any funds been disbursed from any account other than a debtor in possession account this reporting period?		X
3	Is the Debtor delinquent in the timely filing of any post-petition tax returns?		X
4	Are workers compensation, general liability or other necessary insurance coverages expired or cancelled, or has the debtor received notice of expiration or cancellation of such policies?		X
5	Is the Debtor delinquent in paying any insurance premium payment?		X
6	Have any payments been made on pre-petition liabilities this reporting period?		X
7	Are any post petition receivables (accounts, notes or loans) due from related parties?		X
8	Are any post petition payroll taxes past due?		X
9	Are any post petition State or Federal income taxes past due?		X
10	Are any post petition real estate taxes past due?		X
11	Are any other post petition taxes past due?		X
12	Have any pre-petition taxes been paid during this reporting period?		X
13	Are any amounts owed to post petition creditors delinquent?		X
14	Are any wage payments past due?		X
15	Have any post petition loans been received by the Debtor from any party?		X
16	Is the Debtor delinquent in paying any U.S. Trustee fees?		X
17	Is the Debtor delinquent with any court ordered payments to attorneys or other professionals?		X
18	Have the owners or shareholders received any compensation outside of the normal course of business?		X